GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1286
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FOREIGN BANKS
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Will the Minister of FINANCE be pleased to state:

(a) the rules and conditions made by Government / RBI for foreign banks to open branches in urban and rural areas of the country;

(b) the number of requests of foreign banks under consideration of the Government for opening the branches in India;

(c) the names of foreign banks doing business in India, with number of branches,country-wise;

(d) whether some percentage have been fixed for lending to the priority sector by these banks;

(e) if so, the details thereof; and

(f) the details and number of Indian Banks established abroad as on date, bank-wise?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF Finance (Shri Pawan Kumar Bansal)

(a) To provide broad framework for the foreign banks to open branch / office in India, Reserve Bank of India (RBI) has issued 'Road Map for the presence of foreign banks in India' on 28.02.2005. In the 'Road Map', it is proposed to go beyond the existing World Trade Organisation (WTO) commitment of India of 12 branches in a year for new and existing foreign banks and to follow a more liberal policy for under-banked areas. Further, in terms of its Branch Authorisation Policy, RBI, while processing the applications of the banks for opening branches, keeps various aspects in view such as nature and scope of banking facilities provided by banks to common persons particularly in under-banked areas; actual credit flow to the priority sector; pricing of products and overall efforts for promoting 'Financial Inclusion' including introduction of appropriate new products and enhanced use of technology for delivery of banking services, etc. Further, RBI also assesses the policy of the bank on minimum balance requirement, access to minimum banking or 'no-frill' banking services, commitment to basic banking activity viz. acceptance of deposits and provision of credit and quality of customer service, complaints against the bank and customers' grievances redressal mechanism put in place by the bank, etc.

(b) RBI has received requests from 13 foreign banks for opening of their branches in India, out of which requests of 5 banks are for expansion of their branch network and 8 banks have applied for their maiden branch presence in India.

(c) As on 31st January 2008, 29 foreign banks are operating through their 273 branches in India. A list of foreign banks and the number of their branches in India is at Annex.

(d) & (e): Foreign banks are required to lend to the priority sector atleast 32% of their Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher, as on March 31 of the preceding accounting year. Within this overall target of 32%, the advances to micro & small enterprises sector and the export credit should not be less than 10 % and 12% respectively.

(f) As on 31st January, 2008, 12 Indian banks have a total of 126 branches abroad, as under:-

Bank of Baroda (44), State Bank of India (33), Bank of India (22), Indian Overseas Bank and ICICI Bank Ltd. (6 each), UCO Bank (4), Indian Bank and Axis Bank (3 each), Canara Bank (2) and Punjab National Bank, Allahabad Bank and Syndicate Bank (1 each).